



VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT



Mr Narayan Singh Nirnanjan
Chairman



Mr Nitish (Bob) Nirnanjan
Director / Chief Executive



Mr Sundar Masih Sukhu
Director, Audit Committee



Mr Kuar Singh
Director, Property Committee



Mr Rama Kant Lakhani
Director

It gives us pleasure to provide a brief to all our shareholders at the 64th Annual General Meeting of VB Holding Limited, with a review of your company's activities for 2011. The Annual Report has been compiled with the backdrop of a year, which saw low growth in the local economy, causing new business challenges. In spite of this macroeconomic dilemma with increasing signs of drawback for progress, we are pleased to report an improved performance by your company in 2011.

Global growth prospects have weakened and downside risks have increased largely due to the intensification of the sovereign debt crises in the second half of 2011. The world economy is estimated to have expanded by 3.8 percent in 2011, a slowdown from the 5.2percent expansion in 2010.

On the domestic front, Fiji's economic growth prospects for this year are expected to be affected by possible weakening in trading partner demand and an adverse impact from the recent floods on sectors such as agriculture, wholesale & retail, construction, electricity and water.

Operating Environment.

Fiji's economy stabilized and moved to positive territory in 2011. Global fuel prices were also lower than in recent years; however prices started to move up slowly as the year ended. Also Fiji is closely following the world economy and it is making efforts, to review its economic policies to take advantage of the positive factors and more importantly, maintain the best of international relationships.

The Board believes that there will be more activities in the year 2012 as Fiji's economy has shown improvements in the recent past. The tourism sector and capital developments also expect to strengthen its momentum in 2012 & 2013. The positive news of the lifting of the PER (Public Emergency Regulations) will augur well for investment projects.



VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT (CONT'D)

Financial Results

Your company achieved a record Net Profit before Tax of \$870,319 for the year ended 31st December 2011, compared with a profit of \$754,844 for the year 2010, representing an increase of 15.29%. Meanwhile, under these soft market conditions, revenue increased from \$2,376,094 to \$2,411,017, an increase of 1.47%. The significant progress was made in controlling expenditure, which decreased from \$1,621,250 to \$1,540,698 compared to prior year, an improvement of 4.96%. Our management will continue to scrutinize areas where savings can be gained from reduction in wastage.

The Fleet Management division recorded a positive growth of 2.12% compared with the previous year's results. Property division experienced the effects of the economic wind with a reduction in revenue.

Profit after Tax was \$697,854 compared to \$594,538, which represents an increase of \$103,316 compared with previous year results. This represents an increase of 17.37%. The company's total assets is \$8.49 million while net assets have increased by 12.35% during the year to \$4.4 million, as at the balance sheet date of 31 December 2011.

Fleet Management

Fleet Management is the essential part of your company and contributes 90% to the

total business. For the year 2011, the Fleet Management division recorded revenue of \$2.19 million against \$2.14million in the prior year, representing an increase of 2.12%. As at the balance sheet date of 31 December 2011, total fleet assets value was \$5.19million.

The Board expects that the Fleet Management revenue should improve in 2012 due to recent new business received and projects expected to take off.

Property Management

The Property assets held by the company also contribute in generating revenue for the business. As business activities weakened in the domestic market, some rental shops were held vacant, thus creating revenue to decrease by 4.75%. We expect our property division to improve during 2012.

Return to Shareholders

Your company over the years has operated with an ethical and transparent stamina creating value for all its stakeholders: customers, shareholders and business partner alike.

It is encouraging to see shareholders' equity strengthen. At the balance sheet date it stood at \$4.4million.

Further, from positive trading conditions in the first half of the year, \$0.06 cents per



VB HOLDINGS LIMITED

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT (CONT'D)

share dividend was provided and from the second half, the Board declared an interim dividend of \$0.06 cents per share, providing \$0.12 cents per share, based on the financial results of the company for the year ended 31 December 2011.

Corporate Social Responsibility (CSR)

CSR in brief is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, communities, stakeholders and all other members of the public sphere, who may also be considered as stakeholders. VBH recognizes its responsibility as a good corporate citizen and actively contributes to community development, through providing the Sanjeev Niranjana Educational Scholarship program for the poor and needy students.

In 2011, we gave 39 scholarships to poor and needy students, our 13th year of giving back to the community. A total of 268 students have been provided for since 1998.

Corporate Governance

Corporate governance is the system by which your company is directed and controlled. It involves a set of relationships between your company's management, board, shareholders and other stakeholders. It deals with prevention or mitigation of conflict of interests of stakeholders, as the Board of Directors and Management remain

committed to upholding high standards of integrity and transparency, in the governance of the company. An Audit committee and Risk Management committee further strengthen the company's corporate governance.

Board of Directors

All Directors actively participate in discussing the strategy, performance and financial/risk management of the company. The Board conducts regular board meetings and structured to facilitate open discussion. The participation of the board meeting of the members are as follows:

Director	#Meetings
Narayan Singh Niranjana	4
N Niranjana	12
Kuar Singh	11
Sundar Masih Sukhu	10
Rama Kant Lakhan	11

The Year Ahead

As 2012 has approached, we have confidence that there will be improved business opportunities arising and there will more business expansion, as our neighboring countries have positioned themselves to move on a fast track towards growth. As such, Fiji is a resultant beneficiary from this growth and could be poised to avail itself of the opportunities' that will arise. As several large development projects are underway we look forward to seeing growth.



VB HOLDINGS LIMITED

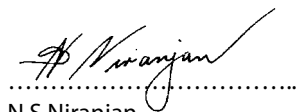
CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT (CONT'D)

We are mindful that the globe economy is fragile and could lead to another financial crisis. The United States, Japan and most of Europe are heavily in debt. The price of oil is skyrocketing and the global price of food has hit a new high. Meanwhile, the rampant fraud and corruption going on in world financial markets is starting to be exposed and could impact the banking sector. There is also a belief that with the recovery of the worst recession experienced since the 1930s, the balance of economic power and strength will gradually shift to the Asian region such as China, Japan and India.

Appreciations

On behalf of the Board, we thank the VBH management team for their hard work, commitment and loyalty to drive your company's performance, despite challenging market conditions. We take this opportunity to sincerely thank our important stakeholder groups and business partners who contributed to your company's achievements in 2011. Finally, the Board thanks all our shareholders for retaining your trust in the company and for providing continuous support.

Thank You.



N S Niranjana
Chairman



Nitish (Bob) Niranjana
Chief Executive



VB HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2011, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the directors of VB Holdings Limited at the date of this report are:

Narayan Singh Niranjana

Nitish Singh Niranjana

Kuar Singh

Sundar Masih Sukhu

Rama Kant Lakhana

Principal activities

The principal activities of the company during the financial year were that of property investment, financing of vehicles sold by related parties and fleet management services. There were no significant changes in the nature of these activities during the financial year."

Results

The net profit after income tax for the company amounted to \$697,854 (2010: \$594,538) after providing income tax expense of \$172,465 (2010: \$160,306).

Dividends

The company declared interim dividends of \$213,736 (at the rate of 12 cents per share) in respect of the year ended 31 December 2011 (2010: \$213,736). In 2010, a rights issue of one new share for every 9 shares held by the

company raised 178,113 additional ordinary shares at the rate of \$2.70 per share.

Reserves

The directors recommend that no amounts be transferred to reserves in respect of the current year.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the payments of liabilities in the normal course of business.

Bad and doubtful debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the allowance for doubtful debts. In the opinion of directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent.

Non-current assets

Prior to the completion of the financial statements, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as recorded in the accounting records of the company. Where necessary



VB HOLDINGS LIMITED

DIRECTORS' REPORT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise through ongoing operation or sale.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non-current assets in the company's financial statements misleading.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial year.

Other circumstances

As at the date of this report:

- (i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and
- (iii) no contingent liabilities or other liabilities of the company have become or are likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or



VB HOLDINGS LIMITED

DIRECTORS' REPORT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board of directors and in accordance with a resolution of the directors.

Dated this *01st* day of *March* 2012.


.....
Director
.....
Director



VB HOLDINGS LIMITED

STATEMENT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011

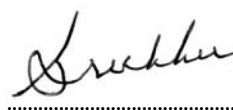
In accordance with a resolution of the Board of Directors of VB Holdings Limited, we state that in the opinion of the directors:

- (i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2011;
- (ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2011;
- (iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2011;
- (iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2011;
- (v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 01st day of March 2012.


.....
Director


.....
Director



VB HOLDINGS LIMITED

CORPORATE GOVERNANCE

Corporate Governance

In compliance with the RBF Corporate Governance principles and reporting guidelines and in line with section 6.31(xvii), the following is the VBH Corporate Governance Structure.

Role of the Board

The role of the board is to ensure accountability for the company by taking responsibility for its direction and management in order to meet its objective of enhancing shareholder value.

The Board

Directors are elected by shareholders at the Annual General Meeting. One third of the total strength of the board retires by rotation each year and is eligible for re-election.

The directors in the office on 31st December 2011 were Mr. Narayan Singh Niranjana, Mr. Nitish Niranjana, Mr. Sundar Masih Sukhu, Mr. Kuar Singh and Mr. Rama Kant Lakhan. Also as per section 6.31(xiv) of the SPSE listing rules please note that the company secretary for VB Holding is Mr. Nitish Niranjana.

A total fee of \$15,000 was paid to directors as director's fees and \$5,000 as CEO's remuneration during the year. In order to enhance shareholders return, the company does not pay any other allowance to the directors.

Meeting of the Board

All directors participate in discussing strategy, performance and financial risk management of the company. The board conducts regular board meeting and structured to facilitate open discussions.

The boards met 12 times during the financial year ended 31st December 2011. Attendance were as follows:

Directors	Number of meeting entitled to attend	Number of meeting attended	Apologies received
Narayan Singh Niranjana	4	4	-
Nitish (Bob) Niranjana	12	12	-
Kuar Singh	12	11	1
Sundar Masih Sukhu	12	10	2
Rama Kant Lakhan	12	11	1

Timely and Balance Disclosure

VB Holding provides its shareholders, via SPSE and the media, with information on the company's plans and decision through regular market announcement.

The company's annual report also provides information on its financial performance and other business related business developments.



VB HOLDINGS LIMITED

CORPORATE GOVERNANCE (CONT'D)

Sub-Committees of the Board

The Board has formally constituted three sub-committees

- Audit committee-Mr. Sundar Masih Sukhu
- Property committee-Mr. Kuar Singh
- Risk Management committee-Mr. Nitish(Bob) Niranjana

The audit committee is responsible for monitoring the external audit of the company's affairs.

Properties committee's main focus is on the strategy decision making on properties

Risk Management committee's responsibility is to ensure that key business and operation risks are identified and appropriate controls and procedure are put in place to manage those risks.

Response to the guidelines on Corporate Governance issued by Reserve Bank of Fiji

Principle	VBH Response
Establish clear responsibilities for Board Oversight	VBH Articles of Association set out the powers and duties of managing the company effectively and efficiently The board ensures accountability for the company by taking responsibility for its direction and management in order to meet its objective of enhancing shareholder value.
Constitute an effective board	VBH Board comprises of qualified individuals who have a wide range of experience and knowledge in the commercial field
Appointment of the Chief Executive Officer	The Board of Directors of VBH has appointed a qualified graduate from Waikato University, New Zealand who has vast management experience and is also a Member of the Australian Marketing Institute.
Board and Company Secretary	The Company Secretary is the administrative link and management and is responsible for insuring compliance issues are adhered to.
Timely and balance disclosure	VBH complies with its disclosures obligation under the SPSE listing rules and the company's act and provides its shareholders with information through regular market announcement
Promote ethical and responsible decision-making	VBH promotes and believes that all directors and employees uphold high standards, honesty, fairness and equity in all aspects of their employment and association with the company
Register of interest	All board members declare their interests at the board meeting and such interest are noted in the minutes book
Respect the right of shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the company The Annual report is published each year and distributed to the shareholders of the company
Accountability and Audit	VBH is externally audited each year and receives an independent report which forms part of the annual report The audit committee is responsible for monitoring the external audit of the company's affairs
Recognize and manage risk	VBH risk management committee ensures that key business and operational risks are identified and appropriate controls and procedure are put in place to manage risk



VB HOLDINGS LIMITED

INDEPENDENT AUDIT REPORT



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www.ey.com

To the members of VB HOLDINGS LIMITED

We have audited the accompanying financial statements of VB Holdings Limited, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



VB HOLDINGS LIMITED

INDEPENDENT AUDIT REPORT (CONT'D)



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

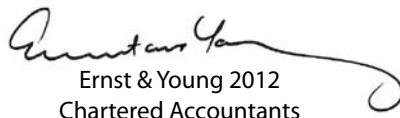
Opinion

In our opinion:

- a) proper books of account have been kept by the company, so far as it appears from our examination of those books,
 - b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards; and
- i) are in agreement with the books of account; and
- ii) to the best of our information and according to the explanations given to us:
- a) give a true fair view of the state of affairs of the company as at 31 December 2011 and of its financial performance, changes in equity and its cash flows of the year ended on that date; and
 - b) give the information required by the Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

Suva, Fiji
01st March, 2012


Ernst & Young 2012
Chartered Accountants



VB HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
Operating revenue	2 (a)	2,376,363	2,240,320
Other revenue	2 (b)	34,654	135,774
Total income		2,411,017	2,376,094
Administration expenses	3 (b)	(46,132)	(49,073)
Operating expenses	3 (a)	(1,277,825)	(1,372,746)
Total administration and operating expenses		(1,323,957)	(1,421,819)
Profit from operations		1,087,060	954,275
Finance costs	3 (c)	(216,741)	(199,431)
Profit before income tax		870,319	754,844
Income tax expense	4	(172,465)	(160,306)
Profit for the year		697,854	594,538
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		697,854	594,538
Earnings per share			
Basic earnings per share	11	0.39	0.35

The accompanying notes form an integral part of this statement of comprehensive income.



VB HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Share Capital	Share Premium Reserve	Forfeited Share Reserve	Retained Earnings	Total
Balance as at 31 December 2009	1,603,021	590,100	16,948	848,737	3,058,806
Total comprehensive income for the year					
Profit for the year	-	-	-	594,538	594,538
Transactions with owners, recorded directly in equity					
Rights issue - 178,113 ordinary shares at \$2.70	178,113	302,792	-	-	480,905
2010 dividend declared (12 cents per share, 2009: 3 cents per share)	-	-	-	(213,736)	(213,736)
Balance as at 31 December 2010	<u>1,781,134</u>	<u>892,892</u>	<u>16,948</u>	<u>1,229,539</u>	<u>3,920,513</u>
Total comprehensive income for the year					
Profit for the year	-	-	-	697,854	697,854
Transactions with owners, recorded directly in equity					
2011 dividend declared (12 cents per share, 2010: 12 cents per share)	-	-	-	(213,736)	(213,736)
Balance as at 31 December 2011	<u>1,781,134</u>	<u>892,892</u>	<u>16,948</u>	<u>1,713,657</u>	<u>4,404,631</u>

The accompanying notes form an integral part of this Statement of Changes in Equity.

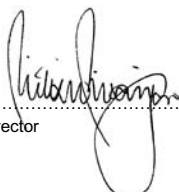



VB HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	14(b)	442,402	53,229
Trade and other receivables	5	2,501,099	3,187,787
Total current assets		<u>2,943,501</u>	<u>3,241,016</u>
Non-current assets			
Trade and other receivables	5	2,685,685	3,158,862
Plant and equipment	6	1,734,549	2,232,338
Investment properties	7	1,118,306	1,131,351
Deferred tax asset	4	4,858	2,360
Total non-current assets		<u>5,543,398</u>	<u>6,524,911</u>
Total assets		<u>8,486,899</u>	<u>9,765,927</u>
Current liabilities			
Trade and other payables	8	620,685	1,963,381
Interest bearing borrowings	9	1,454,181	1,773,369
Unclaimed dividends	10	146,113	143,269
Income tax payable		117,718	111,531
Total current liabilities		<u>2,338,697</u>	<u>3,991,550</u>
Non-current liabilities			
Deferred tax liability	4	101,887	84,435
Interest bearing borrowings	9	1,641,684	1,769,429
Total non-current liabilities		<u>1,743,571</u>	<u>1,853,864</u>
Total liabilities		<u>4,082,268</u>	<u>5,845,414</u>
NET ASSETS		<u>4,404,631</u>	<u>3,920,513</u>
Shareholders' equity			
Share capital	12(b)	1,781,134	1,781,134
Reserves	13	909,840	909,840
Retained earnings		1,713,657	1,229,539
TOTAL SHAREHOLDERS' EQUITY		<u>4,404,631</u>	<u>3,920,513</u>

For and on behalf of the board and in accordance with a resolution of the directors.


.....
Director


.....
Director

The accompanying notes form an integral part of this Statement of Financial Position.



VB HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$	2010 \$
Operating Activities			
Receipts from operating activities		3,447,606	2,911,661
Payments for operating activities		(1,962,735)	(3,399,039)
Interest paid		(216,741)	(199,431)
Interest received		76,130	29,392
Income tax paid		(151,324)	(75,530)
Net cash provided by/(used in) Operating Activities	14(a)	<u>1,192,936</u>	<u>(732,947)</u>
Investing Activities			
Acquisition of plant and equipment		(229,611)	(1,004,170)
Proceeds from sale of plant and equipment		83,675	667,908
Net cash (used in) Investing Activities		<u>(145,936)</u>	<u>(336,262)</u>
Financing Activities			
Dividends paid	10	(210,892)	(154,163)
Proceeds from rights issue		-	480,905
Payment of finance lease liabilities		(1,960,082)	(2,085,810)
Proceeds from finance lease liabilities		1,597,625	2,738,357
Net cash (used in)/provided by Financing Activities		<u>(573,349)</u>	<u>979,289</u>
Net increase/(decrease) in cash and cash equivalents		473,651	(89,920)
(Overdraft)/cash and cash equivalents at the beginning of the year		(31,249)	58,671
Cash and cash equivalents/(overdraft) at the end of the year	14(b)	<u>442,402</u>	<u>(31,249)</u>

The accompanying notes form an integral part of this Statement of Cash Flows.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of significant accounting policies

The financial statements of VB Holdings Limited ("the company") for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of directors on 01st March, 2012. VB Holdings Limited is a public company incorporated and domiciled in the Republic of the Fiji Islands.

The principal activity of the company is described in Note 24.

(a) Basis of accounting

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared primarily on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 1.(h) : Property, plant and equipment

Note 1.(i) : Trade and other receivables

Note 1.(m) : Investment properties

Note 1.(n) : Impairment of assets

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars ("FJD"), which is the company's functional currency. Except as indicated, financial information presented in FJD has been rounded to the nearest dollar.

(d) Foreign currencies

Foreign currency transactions during the year are translated to Fiji currency at rates ruling at the date of transaction. Assets and liabilities in foreign currencies at year end are translated to Fiji currency at rates ruling at balance date. Gains and losses (realised and unrealised) are brought to account in the statement of comprehensive income.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of significant accounting policies (cont'd)

(e) Revenue recognition (cont'd)

(i) Rental income

Rental income from the leasing of properties and operating leases of motor vehicles is recognised on a straight line basis over the relevant lease term.

(ii) Interest income

Interest income on finance leases and bill of sale revenue is recognised on an accrual basis.

(iii) Maintenance income

Maintenance income is recognised on a straight-line basis over the term of the relevant finance or operating lease. This matches the related maintenance expense.

(f) Expense recognition

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term liquid investments net of bank overdrafts. Bank overdrafts are classified as borrowings under current liabilities on the statement of financial position.

(h) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less depreciation and impairment losses. Property that is being constructed or developed for future use is classified as work in progress under property, plant and equipment and stated at cost until construction or development is complete. Gains and losses on disposal of property, plant and equipment are taken into account in the statement of comprehensive income. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major improvements, renovations and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight line-basis over the estimated useful lives of items of property, plant and equipment. The depreciation rates used for each class of asset are as follows:

Furniture and fittings	10%
Motor vehicles	20%

(i) Trade and other receivables

Trade receivables are carried at original invoice amount less allowance made for impairment. Other receivables are recognised and carried at cost less impairment loss. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. This allowance is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of significant accounting policies (cont'd)

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it related to items recognised directly in equity, in which case the item is recognised in equity.

Current tax is the expected tax payable on taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Leases

(i) Finance leases - the company as lessee

Assets acquired under finance lease, which the company then leases to other parties as operating leases, are capitalised. The initial amount of the leased asset and corresponding lease liability are recorded at the present value of minimum lease payments. Leased assets are amortised over the life of the relevant lease or, where it is likely the company will obtain ownership of the asset on expiration of the lease, the expected useful life of the asset. Assets acquired under finance leases which the company re-leases on finance leases to customers are treated as finance lease receivables (refer (ii) below). Lease liabilities are reduced by the principal component of lease payments. The interest component is included in operating results.

(ii) Finance leases - the company as a lessor

Amounts due from lessees under finance lease are recorded as receivables at the amount of company's net investment in the lease. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic return on the net investments outstanding in respect of the lease.

Amounts due from lessees under finance leases for maintenance charges are allocated over the term during which services are provided. Maintenance services are subcontracted to a related entity.

Receipts made under operating leases are recognised in the statement of comprehensive income in equal installments over the accounting periods covered by lease terms.

(iii) Operating leases - the company as a lessor

Rental and maintenance income from operating leases is recognised as described in Note 1.(e). Maintenance expense are recognised on the same basis as maintenance income. Leased assets are amortised over the expected useful life of the asset.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Trade and other payables are stated at cost.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of significant accounting policies (cont'd)

(m) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields. Investment properties are stated at cost less depreciation and impairment losses. Investment properties are depreciated on a straight-line basis over their estimated useful lives using the following rates:

Leasehold land	Term of lease
Buildings	1.25%

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the statement of comprehensive income immediately.

(n) Impairment of assets

The carrying amounts of the company's assets are reviewed at balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(o) Borrowing costs

Borrowings are stated at the gross value of the outstanding balance. Interest is taken to the statement of comprehensive income when payable.

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalised. Other borrowing costs are recognised as an expense in the year in which they are incurred.

(p) Dividend distribution

Dividends paid during the year are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2001.

Dividends are recorded in the company's financial statements in the period in which they are declared by the directors.

(q) Earnings per share

Basic earnings per share is determined by dividing profit after income tax attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

Where the company has on issue outstanding potential ordinary shares which are dilutive, diluted EPS is calculated. Diluted EPS is the same as the basic EPS for the company as there are no ordinary shares which are considered dilutive.

(r) Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segment. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of significant accounting policies (cont'd)

(s) Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

	2011	2010
	\$	\$
2. OPERATING AND OTHER REVENUE		
(a) <u>Operating revenue</u>		
Interest income - bill of sale	76,130	29,392
Interest income - finance lease	473,867	435,340
Maintenance income - finance lease	256,292	288,330
Maintenance income - operating lease	198,228	190,830
Operating lease rental	1,151,254	1,065,228
Rental income	220,592	231,200
	<u>2,376,363</u>	<u>2,240,320</u>
(b) <u>Other revenue</u>		
Gain on disposal of property, plant and equipment	34,654	135,774
	<u>34,654</u>	<u>135,774</u>
3. OPERATING, ADMINISTRATIVE AND FINANCE EXPENSES	\$	\$
(a) <u>Operating expenses</u>		
Depreciation and amortisation	691,425	758,881
Management fees	108,000	108,000
Maintenance expense - finance lease	242,925	242,244
Maintenance expense - operating lease	160,134	162,570
Other operating expenses	75,341	101,051
	<u>1,277,825</u>	<u>1,372,746</u>
(b) <u>Administrative expenses</u>		
Audit and accounting fees	3,510	2,889
Bank charges	9,541	6,710
Directors fees	15,000	10,000
Directors remuneration	5,000	5,000
Scholarship fund	5,589	5,955
Other administrative expenses	7,492	18,519
	<u>46,132</u>	<u>49,073</u>
(c) <u>Finance costs</u>		
Interest	<u>216,741</u>	<u>199,431</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

4. INCOME TAX

A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2011 and 2010 is as follows:

	2011 \$	2010 \$
Accounting profit before income tax	870,319	754,844
At statutory income tax rate of 20% for listed company (2010:20%)	174,064	150,969
(Over)/under provision from prior years	(1,599)	3,952
Effect of change in tax rates	-	4,194
Non-deductible expenses	-	1,191
	<u>172,465</u>	<u>160,306</u>

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

Current tax	174,064	150,969
Temporary differences	<u>(1,599)</u>	<u>9,337</u>
	<u>172,465</u>	<u>160,306</u>

Net deferred income tax at 31 December relates to the following:

Deferred income tax assets/(liabilities)

Provision for doubtful debts	4,858	2,360
Accelerated depreciation for tax purposes	<u>(101,887)</u>	<u>(84,435)</u>
	<u>(97,029)</u>	<u>(82,075)</u>

Represented on the statement of financial position:

Deferred income tax asset	4,858	2,360
Deferred income tax liability	<u>(101,887)</u>	<u>(84,435)</u>
	<u>(97,029)</u>	<u>(82,075)</u>

5. TRADE AND OTHER RECEIVABLES

Current

Bill of Sale receivables	217,648	173,931
Deposits	1,760	1,760
Finance lease receivables	2,602,319	2,369,823
Operating lease receivables	215,907	267,981
Other receivables	8,682	820,034
Less: Unearned interest on Bill of Sales	(55,957)	(44,348)
Less: Unearned interest on Finance leases	(318,516)	(281,785)
Less: Unearned maintenance charges on Finance leases	<u>(170,744)</u>	<u>(119,609)</u>
	<u>2,501,099</u>	<u>3,187,787</u>

Non current

Bill of sale receivables	321,295	171,713
Finance lease receivables	2,730,696	3,374,084
Less: Unearned interest on bill of sales	(95,720)	(45,672)
Less: Unearned interest on Finance leases	(167,891)	(257,166)
Less: Unearned maintenance charges on Finance leases	(78,405)	(72,299)
Less: Provision for doubtful debts	<u>(24,290)</u>	<u>(11,798)</u>
	<u>2,685,685</u>	<u>3,158,862</u>

Total trade and other receivables 5,186,784 6,346,649

- (i) Trade and other receivables (gross) includes finance lease receivables. Total trade and other receivables includes \$3,723,040 (2010: \$4,616,730) receivable from related parties.
- (ii) Maintenance services have been subcontracted to related entities, and accordingly maintenance charges received from lease account debtors are paid onwards to these maintenance service providers.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

6. PROPERTY, PLANT AND EQUIPMENT	2011 \$	2010 \$
<u>Furniture and fittings</u>		
Cost		
At 1 January	14,850	14,850
At 31 December	14,850	14,850
Depreciation and impairment		
At 1 January	(14,850)	(14,850)
Depreciation charge for the year	-	-
At 31 December	(14,850)	(14,850)
Net book value - furniture and fittings	-	-
<u>Motor vehicles - subject to finance lease</u>		
Cost		
At 1 January	404,832	698,938
Disposal	-	(294,106)
At 31 December	404,832	404,832
Depreciation and impairment		
At 1 January	393,661	553,987
Depreciation charge for the year	11,171	76,558
At 31 December	404,832	393,661
Net book value - motor vehicle subject to finance lease	-	11,171
<u>Motor vehicles - owned</u>		
Cost		
At 1 January	3,279,576	2,938,433
Addition	229,611	1,004,170
Disposal	(184,408)	(663,027)
At 31 December	3,324,779	3,279,576
Depreciation and impairment		
At 1 January	1,058,409	577,243
Depreciation charge for the year	667,211	669,279
Disposal	(135,390)	(188,113)
At 31 December	1,590,230	1,058,409
Net book value - motor vehicle owned	1,734,549	2,221,167
Net book value as at 31 December	1,734,549	2,232,338
7. INVESTMENT PROPERTIES	\$	\$
<u>Cost</u>		
Opening balance	1,328,539	1,328,539
Acquisitions	-	-
Closing balance	1,328,539	1,328,539
<u>Accumulated depreciation</u>		
Opening balance	(197,188)	(184,143)
Depreciation charge for the year	(13,045)	(13,045)
Closing balance	(210,233)	(197,188)
<u>Carrying amount</u>		
Opening balance	1,131,351	1,144,396
Closing balance	1,118,306	1,131,351

The fair value of investment property as at balance date is \$3,000,000 based on independent valuation at open market value prepared in 2008 by Rolle and Associates.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
8. TRADE AND OTHER PAYABLES		
Amounts owing to related parties	928	1,278,600
Rental deposits - related entities	4,057	4,057
Rental deposits - others	27,657	31,257
Lease deposits - related entities	408,760	471,067
Lease deposits - others	124,507	126,473
Other payables and accruals	54,776	51,927
Total trade and other payables	620,685	1,963,381
9. INTEREST BEARING BORROWINGS		
<u>Current</u>		
Bank overdraft - Westpac (Note 14b)	-	84,478
Finance lease liability (Note 15b)	1,454,181	1,688,891
	1,454,181	1,773,369
<u>Non-current</u>		
Finance lease liability (Note 15b)	1,641,684	1,769,429
Total Interest bearing borrowing	3,095,865	3,542,798
The bank overdraft and finance lease liabilities with Westpac Banking Corporation and Bank of Baroda are on normal terms and conditions, subject to interest rates ranging from 5.75% to 6.85% secured on by the following:		
(a) Registered mortgage debenture by the company over all its assets and undertakings including its uncalled and called but unpaid capital;		
(b) Registered all monies mortgage no. 4468 by the company over property located at the corner of Stewart Street and Waimanu Road Commercial property comprised in CT No: 24277; and		
(c) Standard lease agreements with Westpac Banking Corporation and Bank of Baroda over various motor vehicles.		
10. UNCLAIMED DIVIDENDS		
Balance at beginning of the year	143,269	83,696
Dividends declared	213,736	213,736
Dividends paid (net of unclaimed dividends)	(210,892)	(154,163)
	146,113	143,269
11. EARNINGS PER SHARE		
Net profit for the year	697,854	594,538
Number of equity shares outstanding	1,781,134	1,715,257
Basic and diluted earnings per share (par value \$1.00)	0.39	0.35
12. SHARE CAPITAL		
(a) <u>Authorised capital</u>		
5,000,000 ordinary shares of \$1.00 each	5,000,000	5,000,000
(b) <u>Issued and paid up capital</u>		
1,781,134 ordinary shares of \$1.00(2010: 1,781,134)	1,781,134	1,781,134

There were no additional share issue made during the year. In 2010, a rights issue of 178,113 additional ordinary shares were issued at a value of \$2.70 per share.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

13. RESERVES	2011 \$	2010 \$
Forfeited shares	16,948	16,948
Share premium reserve	892,892	892,892
	<u>909,840</u>	<u>909,840</u>

Share premium reserve relates to share issue proceeds received in prior years in excess of the par value of shares and is legally required by Section 60 of the Companies Act.

Forfeited shares reserve relates to the value of share entitlements not taken up therefore forfeited by shareholders in prior years.

14. NOTES TO STATEMENT OF CASH FLOWS	\$	\$
(a) Reconciliation of net cash provided by operating activities to operating profit after income tax:		
Operating profit after tax	697,854	594,538
Depreciation	691,425	758,881
Doubtful debts	12,492	2,204
Gain on sale of assets	<u>(34,654)</u>	<u>(135,774)</u>
	1,367,117	1,219,849
<i>Net cash provided by operating activities before change in assets and liabilities:</i>		
Decrease/(increase) in trade receivables and other receivables	1,147,373	(2,328,902)
(Decrease)/increase in trade and other payables	(1,342,695)	291,330
Increase in current tax payable	6,187	100,835
(Increase)/decrease in deferred tax assets	(2,498)	3,763
Increase/(decrease) in deferred tax liabilities	<u>17,452</u>	<u>(19,822)</u>
Net cash provided by/(used in) Operating Activities	<u>1,192,936</u>	<u>(732,947)</u>

(b) Cash and Cash Equivalents	\$	\$
Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdraft. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Bank of Baroda	177,681	53,229
Westpac	<u>264,721</u>	<u>(84,478)</u>
Net cash/(overdraft)	<u>442,402</u>	<u>(31,249)</u>

15. COMMITMENTS	\$	\$
(a) Capital expenditure:		
- approved by the Board but not committed	<u>1,000,000</u>	<u>2,000,000</u>
(b) Finance lease expenditure contracted for motor vehicles as follows:		
Not later than one year	1,597,562	1,865,149
Later than one year but not later than two years	1,088,331	1,106,428
Later than two years but not later than five years	<u>641,623</u>	<u>784,868</u>
	3,327,516	3,756,445
Less: Future finance charges	<u>(231,651)</u>	<u>(298,125)</u>
Net finance lease liability	<u>3,095,865</u>	<u>3,458,320</u>
Reconciled as:		
Current finance lease liability (Note 9)	1,454,181	1,688,891
Non-current finance lease liability (Note 9)	<u>1,641,684</u>	<u>1,769,429</u>
	<u>3,095,865</u>	<u>3,458,320</u>



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

16. FINANCE LEASE RECEIVABLES

	2011	2010
Finance lease expenditure contracted for motor vehicle receivables are as follows:	\$	\$
Not later than one year	2,602,319	2,369,823
Later than one year but not later than two years	1,881,177	2,293,302
Later than two years but not later than five years	849,519	1,080,782
	5,333,015	5,743,907
Less: Unearned interest on finance income and maintenance charges	(735,556)	(730,859)
Net finance lease receivables	4,597,459	5,013,048
Reconciled as:		
Current finance lease receivables (Note 5)	2,113,059	1,968,429
Non-current finance lease receivables (Note 5)	2,484,400	3,044,619
	4,597,459	5,013,048

17. OPERATING LEASES

The company has provided investment properties and motor vehicles under operating leases to customers on normal commercial terms and conditions on monthly rentals.

Operating lease rentals are as follows:	\$	\$
Not later than one year	931,200	937,357
Later than one year but not later than two years	315,312	579,279
Later than two years but not later than five years	106,672	277,960
	1,353,184	1,794,596

18. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2011 (2010: Nil).

19. SEGMENT INFORMATION

(a) Operating segments

The company operates predominantly in property, fleet management and other investments.

Information about reportable segments

	Property Management	Others	Fleet Management	Total
<u>2011</u>				
External revenue	220,592	-	2,190,803	2,411,395
Depreciation/amortisation	13,045	-	678,380	691,425
Reportable segment profit before tax	81,081	-	799,658	880,739
Reportable segment assets	1,118,308	668,572	6,685,723	8,472,603
Reportable segment liabilities	29,634	39,081	3,481,053	3,549,768
<u>2010</u>				
External revenue	231,200	-	2,144,894	2,376,094
Depreciation/amortisation	13,045	-	745,836	758,881
Reportable segment profit before tax	70,970	-	705,718	776,688
Reportable segment assets	1,138,472	835,784	7,801,109	9,775,365
Reportable segment liabilities	35,314	(31,338)	5,501,875	5,505,851



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

19. SEGMENT INFORMATION (cont'd)	2011	2010
(a) Operating segments (cont'd)	\$	\$
<u>Revenue</u>		
Total revenue from reportable segments	2,411,395	2,376,094
Total revenue	2,411,395	2,376,094
<u>Profit or loss</u>		
Total profit for reportable segments	880,739	776,688
Other profit or loss	-	-
<i>Unallocated amounts:</i>		
Scholarship funds	(5,589)	(5,955)
Listing fees	(4,831)	(15,889)
	870,319	754,844
<u>Assets</u>		
Total assets for reportable segments	8,472,603	9,775,365
Other unallocated amounts	14,296	(9,438)
Total assets	8,486,899	9,765,927
<u>Liabilities</u>		
Total liabilities for reportable segments	3,549,768	5,505,851
Other unallocated amounts	532,500	339,563
Total liabilities	4,082,268	5,845,414

(b) Geographical segment

The company operates predominantly in Fiji and is therefore one geographical area for reporting purposes.

20. RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of VB Holdings Limited at any time during the financial year were as follows:

Narayan Singh Niranjana
Nitish Singh Niranjana
Kuar Singh

Sundar Masih Sukhu
Rama Kant Lakhana

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity. These personnel were not paid by the company. However, management fees were paid to a related entity which pays remuneration for them.

During the year the following persons were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company:

Name	Current title
Narayan Singh Niranjana	Chairman
Nitish Singh Niranjana	Chief Executive Officer
Sanjeeva Batuwita	Chief Financial Officer

The values of transactions with related parties were as follows:

	\$	\$
Directors' fees	15,000	10,000
Directors' remuneration	5,000	5,000



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

20. RELATED PARTY TRANSACTIONS (cont'd)

(c) Amounts owing from/(to) related companies

	2011	2010
<u>Net owing by/(to) related companies</u>	\$	\$
Jans Rental Cars Ltd	3,314,280	3,170,288
Niranjans Autoport Limited	(29)	(303,225)
Niranjans Motor Corporation Limited	<u>(4,956)</u>	<u>(4,057)</u>

(d) Transactions with related parties

\$ \$

All transactions disclosed in the financial statements with related parties are made on commercial terms and conditions. The material transactions during the year were:

<u>Related party</u>	<u>Transaction type</u>		
<u>Income:</u>			
Jans Rental Cars (Fiji) Limited	Finance lease income	725,361	628,524
Niranjans Motor Corporation Limited	Rent from properties	43,273	43,273
Niranjans Autoport Limited	Profit on sale of motor vehicles	<u>34,654</u>	<u>137,363</u>
<u>Expenses</u>			
Niranjans Autoport Limited	Management fees	108,000	108,000
Niranjans Autoport Limited	Maintenance charges	403,059	397,315
Niranjans Motor Corporation Limited	Maintenance charges	<u>14,989</u>	<u>18,528</u>
<u>Capital expenditure</u>			
Niranjans Autoport Limited	Motor vehicle purchases	2,643,679	2,414,071
Niranjans Motor Corporation Limited	Motor vehicle purchases	<u>22,222</u>	<u>22,222</u>
<u>Deposits</u>			
Niranjans Motor Corporation Limited	Rental deposit	4,057	4,057
Jans Rental Cars (Fiji) Limited	Lease deposit	<u>408,760</u>	<u>471,067</u>

21. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Risk management is carried out by finance executives and management of controlled entities of the company. Management and finance executives identify, and evaluate financial risks in close co-operation with the company's operating units. The Board of Directors provides direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

21. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) *Interest rate risk*

Interest rates on financial assets and liabilities are fixed over the terms of the relevant contracts, thereby minimising the risk of mis-matches in interest rates. At the reporting date, the interest rate profile of the company's interest bearing financial instruments carrying amounts were:

	2011 \$	2010 \$
<u>Fixed rate instruments</u>		
Financial assets	5,185,024	6,344,889
Financial liabilities	<u>(3,095,865)</u>	<u>(3,458,320)</u>

The following sensitivity analysis is based on the interest risk exposures, if any, in existence at balance date:

	Increase /(decrease) in interest rate	Effect on profit before tax
2011	+10 bp	21,674
	- 10 bp	(21,674)
2010	+10 bp	29,812
	- 10 bp	(29,812)

(ii) *Cash flow and fair value interest rate risk*

The company has no significant variable interest assets or liabilities. Therefore the company's income and operating cash flows are substantially independent of changes in the market interest rates at reporting date.

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company has no significant concentrations of credit risk apart from those with related parties. The company has policies in place to ensure that services are provided to customers with an appropriate credit history. The company has policies that limit the amount of credit exposure to any one customer or group of customers. Credit levels accorded to customers are regularly reviewed to reduce the exposure to risk of bad debts.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	\$	\$
Trade and other receivables	<u>5,186,784</u>	<u>6,346,649</u>

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	\$	\$
Balance at 1 January	11,798	9,543
Impairment loss recognised	<u>12,492</u>	<u>2,255</u>
Balance at 31 December	<u>24,290</u>	<u>11,798</u>

Based on past experience, the company believes that no impairment allowance is necessary in respect of trade receivables not past due; 95% of the balance which includes the amount owed by the company's most significant customers and relates to customers that have a good track record with the company.



VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

21. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

22. CAPITAL RISK MANAGEMENT

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company's objectives when obtaining and managing capital are to safeguard the company's ability to continue as a going concern and provide shareholders with consistent level of returns and to maintain an optimal capital structure to reduce the cost of capital.

The company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the company's statement of financial position plus net debt.

	2011 \$	2010 \$
Interest bearing borrowings (Note 9)	3,095,865	3,542,798
Less cash and cash equivalents	(442,402)	(53,229)
Net debt	2,653,463	3,489,569
Equity	4,404,631	3,920,513
Net debts plus equity	7,058,094	7,410,082
Gearing ratio	38%	47%

23. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial year.

24. PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were that of property investment, financing of vehicles sold by related parties and fleet management services. There were no significant changes in the nature of these activities during the financial year.

25. COMPANY DETAILS

Company Incorporation

The company is a public company domiciled and incorporated in Fiji under the Companies Act, 1983.

Registered office and principal place of business

The registered office of the company is located at:

366 Grantham road

Suva, Fiji

Number of Employees

There were no employees employed by the company (2010: Nil).



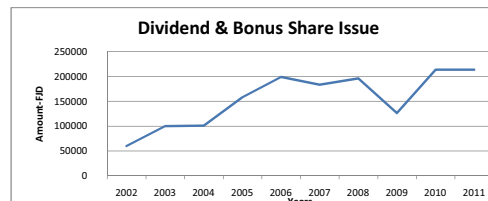
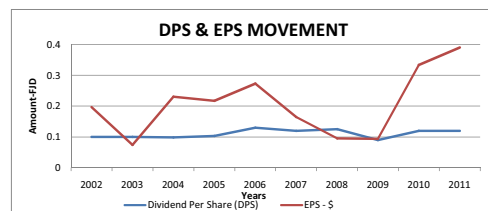
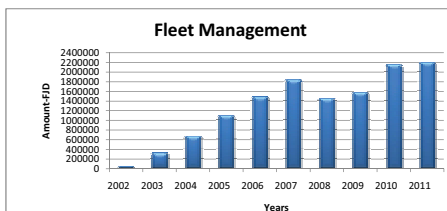
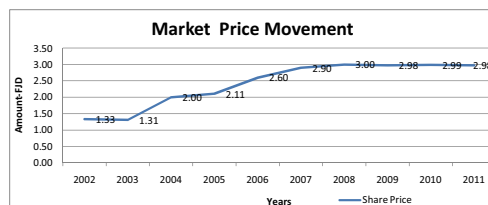
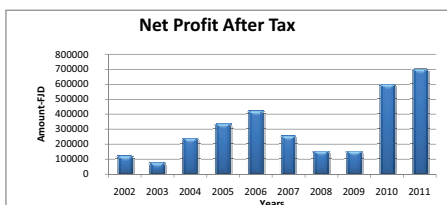
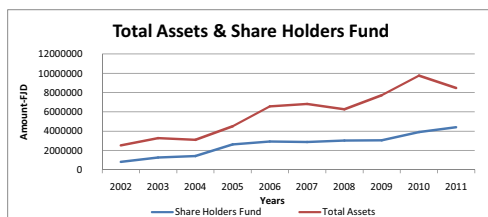
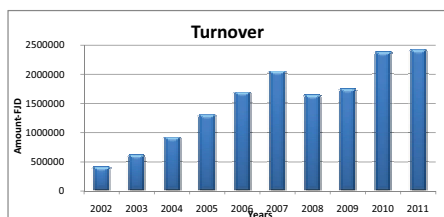
VB HOLDINGS LIMITED

FINANCIAL HIGHLIGHTS

Financial Trends

VB Holding Limited-10 Year Summary

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Turnover	400,000	605,856	915,218	1,300,084	1,684,575	2,045,180	1,634,233	1,742,274	2,376,094	2,411,017
Net Profit After Tax	117,887	74,250	235,531	332,243	418,223	252,162	150,234	151,078	594,538	697,538
Dividend & Bonus Share Issue	60,000	100,000	101,000	158,100	198,900	183,600	196,026	126,500	213,736	213,736
Dividend Per Share (DPS)	0.10	0.10	0.10	0.10	0.13	0.12	0.13	0.09	0.12	0.12
EPS - \$	0.20	0.07	0.23	0.22	0.27	0.16	0.10	0.09	0.33	0.39
Total Assets	2,529,587	3,282,997	3,109,146	4,520,454	6,573,726	6,813,900	6,261,812	7,735,280	9,765,927	8,486,899
Share Holders Fund	813,085	1,267,335	1,427,466	2,626,709	2,922,532	2,883,994	3,034,228	3,058,806	3,920,513	4,404,631
Share Price	1.33	1.31	2.00	2.11	2.60	2.90	3.00	2.98	2.99	2.98
No of Shares	600,000	1,000,000	1,020,000	1,530,000	1,530,000	1,530,000	1,568,208	1,603,021	1,781,134	1,781,134
Total Returned to shareholders	12%	6%	60%	11%	29.38%	16.15%	7.93%	2.33%	4.36%	3.68%
Return on Equity	14%	6%	16%	13%	14.31%	8.74%	4.95%	4.94%	15.16%	17.79%





VB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

26. SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS

(a) Statement of interest of each Director in the share capital of the company as at 31 December 2011

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Nitish Singh Niranjana	562,824	-
Narayan Singh Niranjana	498,200	151,779
Sundar Masih Sukhu	18,886	-
Rama Kant Lakhan	12,989	-
Kuar Singh	10,382	-

(b) Distribution of share holding

Holding	No. of holders	% Holding
Less than 500 shares	38	0.21
501 to 5,000 shares	40	4.14
5,001 to 10,000 shares	5	1.97
10,001 to 20,000 shares	5	4.31
20,001 to 30,000 shares	1	1.28
30,001 to 40,000 shares	1	1.91
40,001 to 50,000 shares	1	2.27
50,001 to 100,000 shares	5	18.41
100,001 to 1,000,000 shares	3	65.48
Over 1,000,000 shares	-	-
Total	99	100

(c) Share Register

VB Holdings Limited
C/- PricewaterhouseCoopers
Level 8, Civic Towers
262 Victoria Parade
GPO Box 200
Suva
Fiji

(d) Shareholding of those persons holding the 20 largest blocks of shares:

Shareholders	No. Of Shares
Niranjana Nitish	562,824
Niranjana Narayan Singh	498,200
Lakhan Sashi Kant	105,343
Pacific Gas Limited	90,030
Francesa Niranjana	72,398
N S Niranjana Holdings	61,749
Konitiki Fund Limited	52,912
Trustee Of A P Sabha	50,900
South Pacific Investment Limited	40,500
Jayesh Jainendra Maharaj	34,074
Anmol Kayshap Maharaj	22,865
Jalal Sayed Abdul	19,349
Sundar Masih Sukhu	18,886
Schultz Jimaima	15,205
Lakhan Rama Kant	12,989
Kuar Singh	10,382
Patel Khatri investments (Fiji) Limited	7,857
Singh Kamla	8,207
Nandan Satya Nand	6,375
PSingh Hardayal	6,300
Total	1,697,345